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Culligan®
ANNUAL REPORT
1969



WILLIAM B. GRAHAM
Director

JAMES J. GERAGHTY
Director

SAMUEL R. MAROTTA
Executive Vice President

JOHN A. GAVIN
Executive Vice President

HAROLD F. WERHANE
President

DONALD L. PORTH
Executive Vice President

THOMAS E. CULLIGAN
Director

BOARD OF DIRECTORS

TO OUR SHAREHOLDERS:

During the past fiscal year, your Company achieved new sales and earnings records for the eighth consecutive year.

Consolidated sales were \$40,749,815, a 17% increase over the previous year. Earnings were \$2,762,130, an increase of 13%, and amounted to 7% of sales.

Our shareholders' equity rose from \$16,492,347 at last year's end to \$18,430,980 on April 30, 1969. The book value per share based on the 3,061,686 shares outstanding at year end amounted to \$6.02.

At a regular quarterly meeting on August 27, 1968, your Board of Directors considered and passed two resolutions. The first recommended a stock split-up of 100%, and this distribution was effected September 9, 1968. The second resolution provided for a cash dividend increase of 17%. The total dividend amount paid to shareholders during the year was \$823,497.

The profitability of almost every division of the Company reflected substantial gains. In past communications with you, we had reported that our building and reorganization programs at Elgin were expected to result in a year end profit contribution from this division. Unfortunately, such has not been the case.

The performance of Everpure, which joined our corporate family in November of 1967, has met our expectations, and more detailed information about this and other subsidiaries appears in this report.

Culligan's Retail Subsidiaries continue in their excellent patterns of growth and earnings, and they provide splendid testing and developmental facilities for innovative merchandising concepts and operational systems.

Two new departments were established to accommodate vital areas in the water conditioning industry:



Culligan® FINANCIAL HIGHLIGHTS

The Medical Products Department will initially concentrate in the field of hemodialysis through the marketing of our equipment which purifies water for use in artificial kidney machines. The Waste Water Treatment Department will supply products and techniques to our franchised dealer organization. The need for remedial action in water pollution is well known.

Our corporate management staff, instituted in May of 1968, has operated most successfully and was expanded and strengthened through internal promotions.

Your management continues to place stress on the importance of Research and Development, and our budget for this function was increased 28% over the prior year. Information about Culligan's new corporate R&D group, our new Research Center, and our progress in reverse osmosis technology is reported on page 10.

On May 14, 1969, we acquired a 70% equity interest in Culligan Italiana S.p.A., headquartered near Bologna. We expect that this company's manufacturing, distribution and management capabilities will materially strengthen our position in Europe, Africa, and Asia.

Last month marked the formation of Culligan Switzerland S.A., a wholly owned subsidiary. This organization, based in Lausanne, will distribute our products, furnish services and perform activities formerly conducted by a licensee.

Culligan is now marketed in seven additional countries, for a total of 71, and our operations outside the United States reflected a sales increase of 29% over 1968.

Our franchised dealers in the U.S., as the result of improved and accelerated merchandising efforts, further advanced their share-of-market. Their purchases from our

Year Ended April 30,

	1969	1968
Net Sales and Rental Revenue	\$40,749,815	\$34,761,081
Income Before Income Taxes	5,433,530	4,789,417
Net Income	2,762,130	2,435,217
Earnings Per Share90	.80
Working Capital	8,176,858	9,500,962
Current Ratio	2.03 to 1	2.58 to 1
Shareholders' Equity	18,430,980	16,492,347
Total Shares Outstanding	3,061,686	3,061,686
Number of Shareholders	3,945	3,622

1968 restated for 100% stock split and pooling of interest.

GENERAL COUNSEL *Pollak & Welsh, Chicago*

AUDITORS *Arthur Andersen & Co., Chicago*

STOCK TRANSFER AGENTS

Continental Illinois National Bank & Trust Company of Chicago—First National City Bank, New York

REGISTRARS OF STOCK *Harris Trust and Savings Bank, Chicago—Chase Manhattan Bank, New York*

LISTING *New York Stock Exchange*



Mr. Emmett J. Culligan, founder of Culligan Inc. and retired chairman of the Board of Directors, received the coveted Horatio Alger Award presented by the American Schools and Colleges Association on May 14, 1969, at the Waldorf Astoria Hotel in New York.

Northbrook and San Bernardino plants increased 15% over the year before.

More than 1,650 dealership people attended the conventions which were held in Los Angeles and Chicago last November. The three-day agendas featured new techniques in retailing and promotion, sales and technical training, and product data. As of June 1, there were more retail sales personnel functioning in the field than ever before in the System's history.

New plant facilities, additional capacity, and major replacements required expenditures totaling \$4,273,609, compared to expenditures of \$1,845,262 for the previous year. A substantial portion of these expenditures were made from the company's current year's working capital.

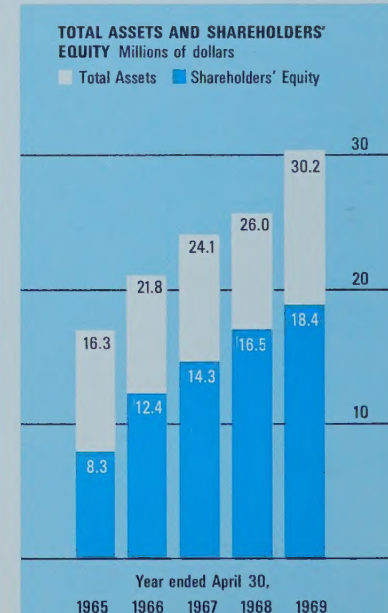
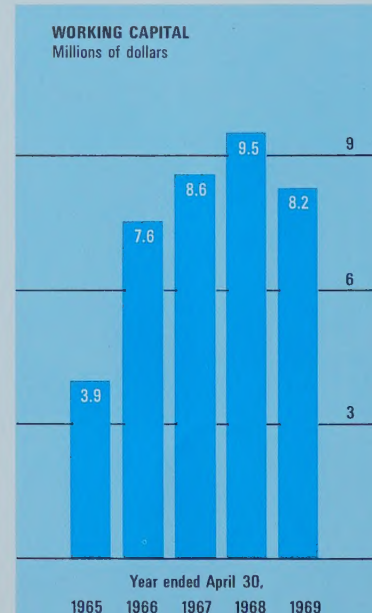
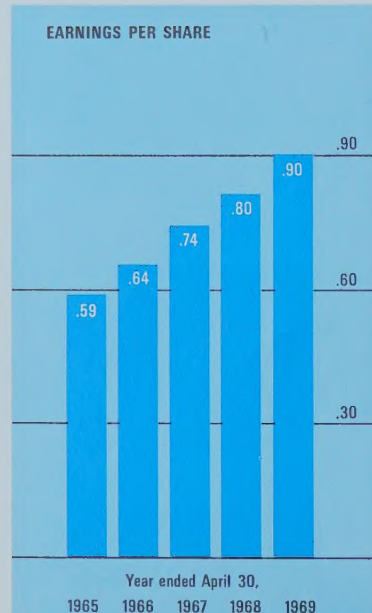
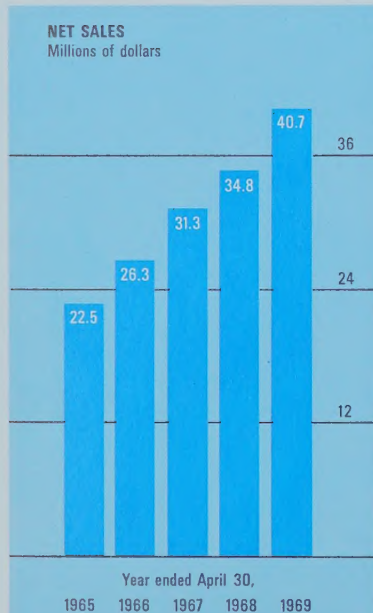
Another addition for manufacturing and warehousing

space was completed at our factory in Diegem, Belgium; the major share of our capital expenditures, however, is for the construction of our new International Headquarters in Northbrook.

The progress of this construction is satisfactory, although there have been some slight delays due to weather. We are placing particular emphasis upon completion of the plant area because of the pressing need for more factory space.

Culligan employees continue to merit the efforts which the Company exerts in the provision of attractive incomes, benefits, and working conditions. We now employ almost 1,800 people, whose productivity is supported by the investments of 3,945 shareholders.

This year, the Company's contribution to the Culligan Pension Program was \$254,276. In addition, the Em-



ployees Profit Sharing Program received \$202,373 from the earnings of the Company.

The ten year financial summary shown herewith illustrates that our net sales and rental revenue have almost quadrupled since 1960, and that the Company's net income has increased more than five times.

This accomplishment is an indication of Culligan's desire to meet the challenges and opportunities afforded by a dynamic and highly competitive growth industry.

Our business is to create products, methods, and services for water conditioning. Further, our business is to develop imaginative and effective means of merchandising our products in order to reach new as well as existing markets throughout the world.

Your Company's performance is evidence of the out-

standing dedication of its employees. During the past year they continued to expand their skills and their capabilities to handle the requirements of changing technologies and customer needs.

Your Board of Directors has asked me to extend thanks to our customers, our suppliers, and our shareholders for their cooperation and their support.

Sincerely yours,



Harold F. Werhane, *President*

July 23, 1969

TEN YEAR FINANCIAL SUMMARY YEAR ENDED APRIL 30,

	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
FINANCIAL (in thousands):										
Net Sales and Rental Revenue	\$40,750	\$34,761	\$31,264	\$26,337	\$22,489	\$17,327	\$13,615	\$10,884	\$11,160	\$10,344
Income Taxes	2,671	2,354	2,080	1,670	1,453	1,163	876	501	583	565
Net Income	2,762	2,435	2,205	1,831	1,534	1,179	730	536	509	499
Depreciation and Amortization	1,410	1,266	1,079	854	738	597	535	522	482	440
Capital Expenditures	4,274	1,845	1,213	2,479	1,439	1,701	1,020	725	646	640
Working Capital	8,177	9,501	8,617	7,564	3,872	2,913	3,049	3,371	3,555	3,391
Long-Term Debt	3,109	2,714	2,793	3,928	2,512	2,399	1,888	1,802	1,702	1,768
Shareholders' Equity	18,431	16,492	14,334	12,350	8,271	5,991	5,117	4,743	4,486	4,082
OTHER:										
Earnings (Per Share)	\$.90	\$.80	\$.74	\$.64	\$.59	\$.49	\$.30	\$.22	\$.21	\$.24
Cash Dividends (Per Share)	.27	.24	.24	.20	.20	.175	.175	.175	.175	.175
Number of Shares Outstanding (thousands)	3,062	3,062	2,994	2,840	2,586	2,424	2,394	2,392	2,390	2,324
Number of Shareholders	3,945	3,622	3,549	3,308	2,301	1,747	1,804	1,818	1,643	1,414

Per share amounts have been adjusted to reflect 100% stock splits in 1964 and 1968. Amounts have been restated to reflect 1968 and 1969 acquisitions accounted for on a pooling of interests basis in the year of acquisition and the year prior. Dividends per share exclude former Class B common.



CONSOLIDATED STATEMENTS

INCOME AND RETAINED EARNINGS

For The Years Ended April 30.

INCOME:

	1969	1968
Net sales and rental revenue	\$40,749,815	\$34,761,081
Cost and expenses—		
Cost of sales and rental expenses	\$21,562,948	\$18,236,065
Selling and administrative expenses	13,760,747	11,726,804
Interest—		
Expense	410,603	376,680
Income	(418,013)	(367,885)
	\$35,316,285	\$29,971,664
Income before income taxes	\$ 5,433,530	\$ 4,789,417
Provision for Federal, state and foreign income taxes	2,671,400	2,354,200
Net income	\$ 2,762,130	\$ 2,435,217
Per share of common stock (Note 3)	\$.90	\$.80

RETAINED EARNINGS:

Balance at beginning of year, as previously reported	\$ 8,610,585	\$ 6,909,125
Add—Restatement for companies added through pooling of interests in 1969 (Note 1)	227,507	196,788
Balance at beginning of year, as restated	\$ 8,838,092	\$ 7,105,913
Add (deduct)—		
Net income for the year	2,762,130	2,435,217
Cash dividends paid (\$.27 per share in 1969 and \$.24 per share in 1968, after reflecting two-for-one stock split in 1969)	(823,497)	(703,038)
Balance at end of year	\$10,776,725	\$ 8,838,092

The accompanying notes are an integral part of these statements.

Culligan[®] INC. AND SUBSIDIARIES

FUNDS AND CAPITAL SURPLUS

For The Years Ended April 30,

FUNDS:	1969	1968
Source of funds:		
Net income	\$ 2,762,130	\$ 2,435,217
Provision for depreciation and amortization—		
Service units (straight-line method)	576,748	497,463
Plant and equipment (substantially sum-of-the-years-digits method)	691,937	639,976
Intangible assets	141,179	128,628
Total from operations	\$ 4,171,994	\$ 3,701,284
Proceeds from sale of common stock	—	58,222
Increase (decrease) in long-term debt and dealers' deposits	404,707	(149,925)
Total source of funds	\$ 4,576,701	\$ 3,609,581
Disposition of funds:		
Additions, net of retirements of \$180,406 in 1969 and \$216,970 in 1968		
Plant and equipment	\$ 3,215,746	\$ 1,132,292
Service units and connections	1,057,863	712,970
Cash dividends paid	823,497	703,038
Increase in receivables due after one year	175,908	57,848
All other, net	627,791	278,810
Total disposition of funds	\$ 5,900,805	\$ 2,884,958
Increase (decrease) in working capital	\$ (1,324,104)	\$ 724,623
Working capital, beginning of year	9,500,962	8,776,339
Working capital, end of year	\$ 8,176,858	\$ 9,500,962
CAPITAL SURPLUS:		
Balance at beginning of year, as previously reported	\$ 5,978,428	\$ 5,927,818
Add—Restatement for companies added through pooling of interests in 1969 (Note 1)	144,984	144,984
Balance at beginning of year, as restated	\$ 6,123,412	\$ 6,072,802
Add (deduct)—		
Amount transferred to common stock to reflect two-for-one stock split in 1969 (Note 3)	(1,530,843)	—
Excess of selling price over par value of shares sold to employees under stock option plan	—	46,760
Stock issued in connection with prior acquisition	—	3,850
Balance at end of year	\$ 4,592,569	\$ 6,123,412

The accompanying notes are an integral part of these statements.

CONSOLIDATED BALANCE SHEET *Culligan*® INC. AND SUBSIDIARIES

	April 30,	
ASSETS	1969	1968
CURRENT ASSETS:		
Cash.....	\$ 1,543,397	\$ 1,486,711
Marketable securities, at cost which approximates market.....	396,164	1,617,048
Receivables, less allowance of \$383,500 in 1969 and \$349,000 in 1968 for doubtful accounts.....	7,088,645	6,212,666
Inventories, at lower of cost (first in, first out) or market.....	6,696,701	5,723,268
Prepaid expenses.....	414,409	474,072
Total current assets.....	<u>\$16,139,316</u>	<u>\$15,513,765</u>
PLANT AND EQUIPMENT, at cost (Note 2):		
Land and improvements.....	\$ 1,213,787	\$ 1,156,140
Buildings.....	3,857,997	3,615,147
Machinery and equipment.....	5,293,032	4,808,084
Construction in process.....	2,427,836	213,894
	<u>\$12,792,652</u>	<u>\$ 9,793,265</u>
Less—Accumulated depreciation.....	4,132,570	3,656,992
	<u>\$ 8,660,082</u>	<u>\$ 6,136,273</u>
Service units and connections (provided to customers), net of depreciation of \$3,167,458 in 1969 and \$2,438,405 in 1968.....	2,900,636	2,419,521
	<u>\$11,560,718</u>	<u>\$ 8,555,794</u>
OTHER ASSETS:		
Notes and contracts receivable from customers and retentions on customer contracts financed, less unearned finance charges (current portion included above).....	\$ 1,007,728	\$ 831,820
Franchise rights, patents, etc., at cost, less amortization.....	1,171,828	717,687
Other assets.....	366,287	333,816
	<u>\$ 2,545,843</u>	<u>\$ 1,883,323</u>
	<u>\$30,245,877</u>	<u>\$25,952,882</u>

	April 30,	
LIABILITIES	1969	1968
CURRENT LIABILITIES:		
Notes payable and current portion of long-term debt (Note 2).....	\$ 2,095,395	\$ 1,844,377
Accounts payable.....	2,451,943	1,608,466
Accrued expenses.....	2,304,102	1,716,572
Federal and foreign income taxes.....	908,861	639,845
Unearned service income.....	202,157	203,543
Total current liabilities.....	<u>\$ 7,962,458</u>	<u>\$ 6,012,803</u>
LONG-TERM LIABILITIES:		
Long-term debt, less current maturities (Note 2).....	\$ 3,108,934	\$ 2,714,211
Dealers' deposits.....	743,505	733,521
	<u>\$ 3,852,439</u>	<u>\$ 3,447,732</u>
SHAREHOLDERS' EQUITY:		
Preferred stock, \$5 par value, authorized 100,000 shares (Note 3)....	\$ —	\$ —
Common stock, \$1 par value, authorized 4,000,000 shares, outstanding 3,061,686 shares at April 30, 1969 (Note 3).....	3,061,686	1,530,843
Capital surplus.....	4,592,569	6,123,412
Retained earnings (Note 2).....	10,776,725	8,838,092
	<u>\$18,430,980</u>	<u>\$16,492,347</u>
	<u>\$30,245,877</u>	<u>\$25,952,882</u>

The accompanying notes are an integral part of this statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS/APRIL 30, 1969

(1) PRINCIPLES OF CONSOLIDATION:

The accompanying consolidated financial statements include all subsidiaries of the company. Assets and revenues of foreign subsidiaries included in the statements are as follows:

	1969	1968
Assets	\$8,229,000	\$6,965,000
Revenues	<u>9,142,000</u>	<u>7,378,000</u>

In relation to sales, the contribution of foreign operations to consolidated net earnings does not differ materially from the contribution of domestic operations. The income tax provision for the earnings of foreign subsidiaries has been computed at the full United States tax rate; accordingly, the estimated United States taxes payable in the future when foreign earnings are remitted to the United States have been provided currently.

The 1968 financial statements have been restated for the issuance in 1969 of 52,632 shares of common stock (adjusted to reflect 1969 stock split) for all of the outstanding capital stock of CWC, Inc. and an affiliated company. This transaction has been recorded on a pooling of interests basis.

The cost of acquiring businesses in excess of the value of tangible assets acquired is amortized through periodic charges to income.

(2) FINANCING ARRANGEMENTS:

As of April 30, 1969, notes, loans and purchase contracts payable by the company and certain subsidiaries are summarized below:

	Interest Rates	Current	Long-Term
Notes payable to banks	7% to 9½%	\$ 867,439	\$ 62,000
Chattel Mortgages and Installment loans of retail operations, due in varying amounts to 1984	4½% to 7%	228,422	1,762,224
Mortgage notes, due \$51,420 and \$50,000 annually to 1971 and 1973, respectively, secured by land and buildings and 50% of the inventories in Belgium	5½% to 7.1%	101,420	252,900
Mortgage note, due \$4,020 per month (including interest) to 1980, secured by land and building in Elgin, Illinois	5¼%	26,824	393,261
Other, final payments due from 1969 to 1978	5% to 8½%	871,290	638,549
		<u>2,095,395</u>	<u>\$3,108,934</u>

The total book value of assets subject to mortgages and purchase contracts approximates \$3,000,000. In addition, intangible assets including capital stock and franchise rights of certain retail subsidiaries are collateral for certain of the loans.

The Company has entered into an agreement whereby it may borrow \$5,000,000 from an insurance company under a 6% mortgage note due \$62,500 quarterly for a period of 20 years from the closing date. The proceeds will be used to finance a new international headquarters, research laboratory and manufacturing facility in Northbrook, Illinois which is presently under construction. The agreement covering the 6% mortgage note provides, among other things, that working capital will not be less than \$5,000,000 and that dividends paid and purchases of the Company's stock after April 30, 1968, shall not exceed 60% of the cumulative amount of net income after that date; at April 30, 1969, \$9,942,944 of retained earnings would not have been available for the payment of dividends or purchase of the Company's stock.

For purposes of interim financing during the period of construction, the Company has entered into borrowing agreements with two banks. These agreements provide for various restrictions which are less stringent than those described under the 6% note.

The Companies have sold approximately \$2,400,000 of contracts receivable which are outstanding at April 30, 1969. The Companies have an obligation to repurchase these contracts in the event payments become past due.

Certain retail and other locations are held under leases expiring at various dates through 1980. Current annual rentals under these leases total approximately \$206,000, and the remaining aggregate commitments were approximately \$932,000 at April 30, 1969.

(3) CAPITAL STOCK:

In August, 1968, the shareholders approved an amendment to the Certificate of Incorporation to increase the authorized \$1.00 par value common stock from 2,000,000 to 4,000,000 shares and authorized the creation of a class of preferred stock consisting of 100,000 shares with a par value of \$.00 per share. In regard to the preferred stock, the Board of Directors is authorized to fix by resolution the designation of each series, dividend rate, preferences, voting rights, convertibility, etc.

On August 27, 1968, the Board of Directors authorized a two-for-one common stock split-up, effected in the form of a 100% stock distribution. The par value of the common stock issued of 1,530,843 was transferred from capital surplus to common stock. Net income and cash dividends per share for 1969 and 1968 reflect this stock split-up.

A summary of changes for the year in common stock authorized for sale to officers and key employees under a qualified stock option plan follows (adjusted for the two-for-one stock split-up in August, 1968).

	Options Outstanding	Reserved Shares Available for Grant	Total
Balance April 30, 1968	54,500	65,500	120,000
Options granted at prices ranging from \$22.38 to \$26.00 per share	8,500	(8,500)	—
Balance April 30, 1969 at prices of \$18.75 to \$26.00 per share	<u>63,000</u>	<u>57,000</u>	<u>120,000</u>

Options are to be granted at prices not less than the fair market value at date of grant. Options become exercisable one year from date of grant and expire five years from date of grant.

(4) PENSION PLANS:

The company and its subsidiaries have pension plans covering substantially all of their employees including certain employees in foreign countries. Total pension expense was \$254,000 in 1969 and \$175,000 in 1968, which is funded by the companies. At April 30, 1969, the assets of the pension trusts exceeded the actuarially computed value of vested benefits.

(5) SUBSEQUENT ACQUISITIONS:

In May, 1969, Culligan, Inc. acquired 70% of all of the outstanding stock of Culligan Italiana, S.p.A. in exchange for cash of \$668,000 and 34,593 shares of common stock. The agreement provides for an unspecified number of shares to be issued in the future, to be based on the earnings of this company. Management anticipates that not more than 70,000 common shares will be issued pursuant to the earn-out provision. This acquisition will be accounted for as a purchase.

Culligan of Canada, Ltd., a wholly-owned subsidiary of Culligan, Inc. acquired all of the outstanding shares of Soft Water Supply Limited in May, 1969, for \$495,000 payable in cash and notes.

AUDITORS' REPORT

To the Shareholders of Culligan, Inc.:

We have examined the consolidated balance sheet of CULLIGAN, INC. (a Delaware corporation) AND SUBSIDIARIES as of April 30, 1969, and the related consolidated statements of income, retained earnings, capital surplus and funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have previously examined and reported on the financial statements for the preceding year.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of Culligan, Inc. and Subsidiaries as of April 30, 1969, and the results of their operations and the source and disposition of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chicago, Illinois,
June 20, 1969.

Arthur Andersen & Co.

Culligan® RESEARCH AND DEVELOPMENT

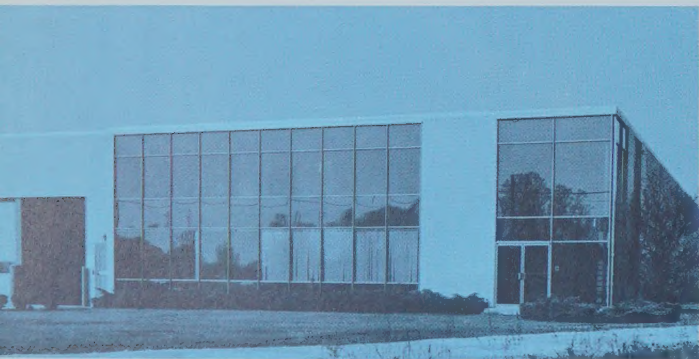
Our R&D activity was again expanded during the year with the formation of a new Corporate Research and Development group. This group, comprising 25 chemists and engineers, creates and evaluates water treatment processes, determines commercial feasibility, and releases its technology and recommendations to the manufacturing companies of the Corporation.

The existing R&D staffs at Culligan, Elgin, and Everpure will continue their responsibilities to develop products for current marketing needs, and to provide backup for technical service, production, and quality control.

Emphasis continues to be placed on the reverse

osmosis method for demineralizing or desalting water, and on the membrane technology involved in this process. Culligan has for the past four years been actively engaged in commercializing reverse osmosis. We introduced the industry's first commercially-produced appliance using this process, the Aqua I Water Purifier, in 1967. Product performance has exceeded our expectations.

Excellent progress is being made with our industrial reverse osmosis systems, and units with capacities up to 2,000 gallons per day have been placed on field test during the year. Performance data is so encouraging that systems with 20,000 gallon per day capacities are presently under construction.



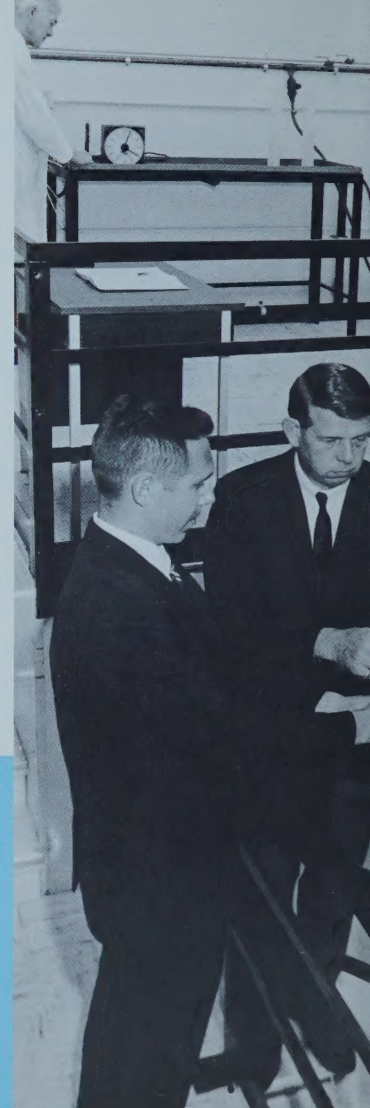
New Culligan Research Center in Northbrook. Purchased this year to house our Corporate R&D group, building provides 21,650 square foot area for laboratories and pilot plants.



Pilot plant in Research Center facilitates in-depth studies of multi-media water filters.



Compact new reverse osmosis unit produces 1,000 gallons of fresh, high-quality water per day.



Tubular reverse osmosis membranes being made at our expanded R&D laboratories in San Bernardino.



AMONG OUR PRODUCT LINES



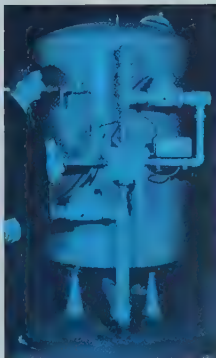
Portable Exchange Soft Water Service. Dealer installs unit and exchanges it at regular intervals. He owns unit and charges monthly service fee.



Aqua I Water Purifier. Makes "bottled water" in the home for as low as 7¢ per gallon. For drinking, nursery, coffee and tea, low sodium diets.



Ultra-Clear® Conditioner. Single-unit automatic all-purpose appliance removes rust, taste, odor, acidity, and water hardness.



Hi-Flo Industrial Water Softeners. Complete range of sizes and models available with automated electronic controls and with Aqua-Sensor.



Automatic Deionizers. Remove dissolved mineral content to provide exceptionally high quality water, virtually chemically pure, for industrial uses.



Custom Engineered Industrial Systems. Designed, built, and installed by Culligan for varied applications including waste water treatment.



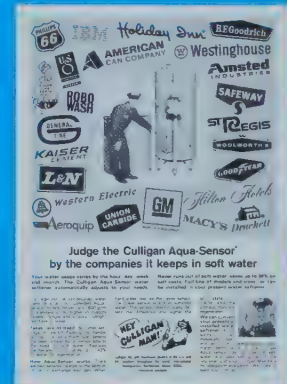
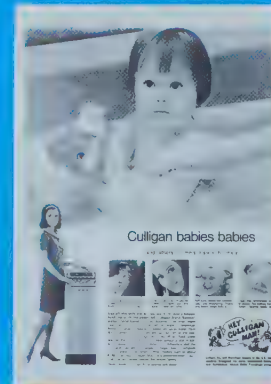
Aqua-Sensor® Appliances. These sophisticated appliances deliver unlimited clear, filtered soft water throughout the home. Our patented electronic sensing system is an industry-wide first.



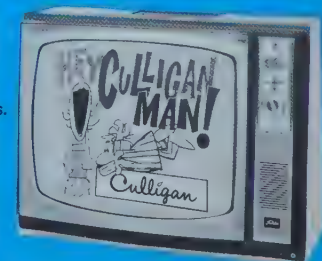
Culligan dealers are direct-sales oriented. The most current audio-visual training methods are employed to keep personnel updated on selling techniques.

In the U.S. and Canada, our products and services are distributed by approximately 1,000 franchised dealers.

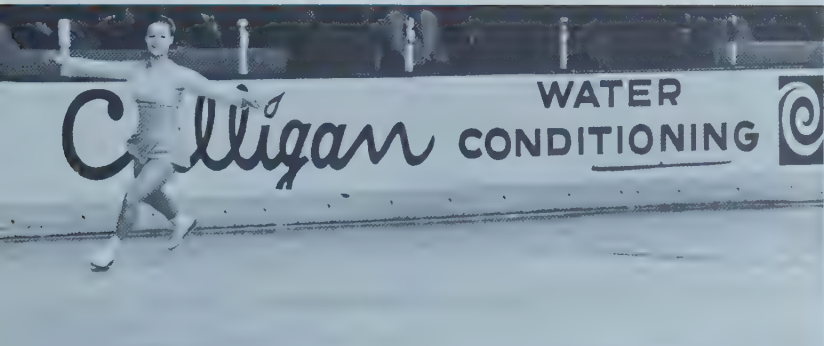
Comprehensive counsel and guidance is provided by factory staff and field personnel in the areas of operating systems and techniques, financing, product and sales training, advertising and sales promotion, and building and vehicle design. The retail dealership shown at left is located in Rockford, Illinois.



Award-winning advertising in consumer and business magazines, and on radio and television, supports the dealers' sales programs. A recent study by the Starch research organization shows that Culligan ads were among the 400 best-read of 1968.



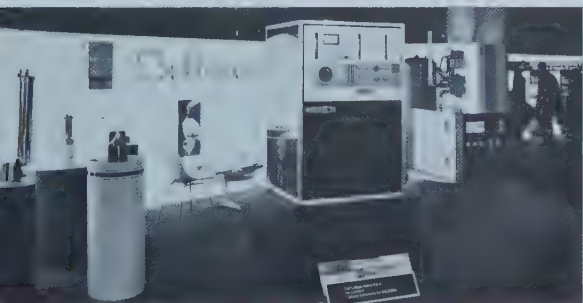
AND MERCHANDISING



Gabriele Seyfert wins Women's World Figure Skating Championship at Broadmoor World Arena in March. Culligan conditioned water was used to make smoother, faster ice. Event was telecast in U.S. and Europe.

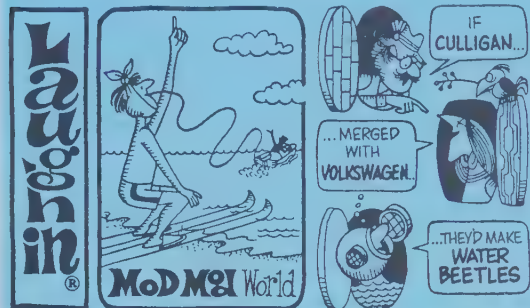


Culligan display at the Thailand International Trade Fair, Bangkok.



Our exhibit at the Puraqua Symposium sponsored by U.S. Department of Commerce in Rome, during February, featured reverse osmosis equipment.

Reprinted through the courtesy of the Chicago Tribune—New York News Syndicate, Inc.



This syndicated cartoon, which appeared in 80 U.S. newspapers, dramatizes the recognition of our brand name.



Aqua I "Scotch Water" purifiers, such as this in the Beverly Hilton, Los Angeles, are installed in popular establishments world-wide.



Culligan presents product lines at U.S. Trade Center Show, Tokyo.



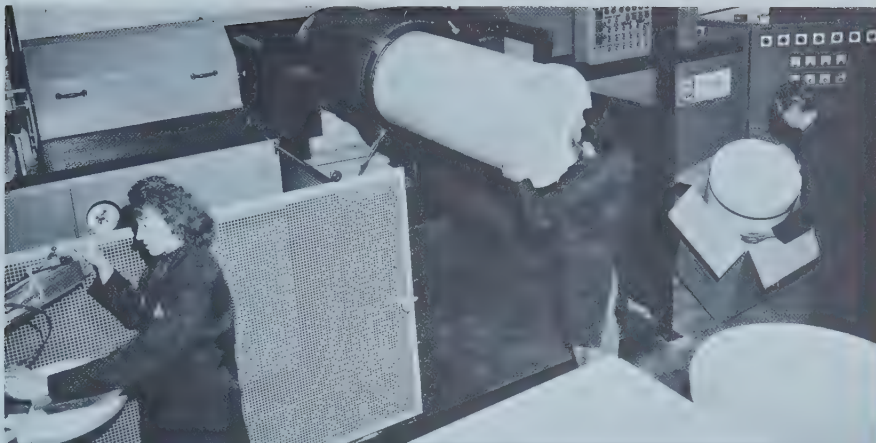
NEW CULLIGAN INTERNATIONAL HEADQUARTERS

Located on 42 acres at the Northbrook Interchange of the Illinois Tollway, our new facility is about 12 minutes from O'Hare International Airport. The 300,000 square foot single story manufacturing plant and warehouse will have a blue glazed brick

exterior. The adjoining office and Research and Development building comprises 120,000 square feet, constructed of tiled brick and precast concrete panels, with a second story enclosed entirely in glass. Completion is scheduled for 1970.

CULLIGAN OF CANADA

Our Canadian headquarters are based in Sheridan Park, Ontario, a suburb of Toronto. In addition to manufacturing and assembly, this facility is the center for services to the dealer organization.



New rotational molding equipment produces water conditioner salt storage tanks at Culligan of Canada's factory.



Deionizer installation at the Ontario Research Foundation provides quality water for laboratory use.

CULLIGAN MEXICANA

This subsidiary has its offices and plant located in Mexico City. Industrial water softeners, deionizing units, and filters are assembled here, and complete distributive services are provided.



Culligan system at the Ron Castillo distillery, Mexico City, deproofs rum to maintain crystal-like clarity of the finished product.



Automatic water demineralization equipment for new Burroughs Corp. plant in Guadalajara.



CULLIGAN S.A.

Diegem, Belgium

The Company commenced marketing in Europe in 1958 by establishing licensed distributors in various countries.

In 1964, a 20,000 square foot facility was constructed on a 10 acre site in Diegem, Belgium, on the autoroute which connects Brussels to its International Airport. The size of this operation was doubled in 1966, and again in 1968. Thus, our present plant and office complex totals 82,470 square feet.

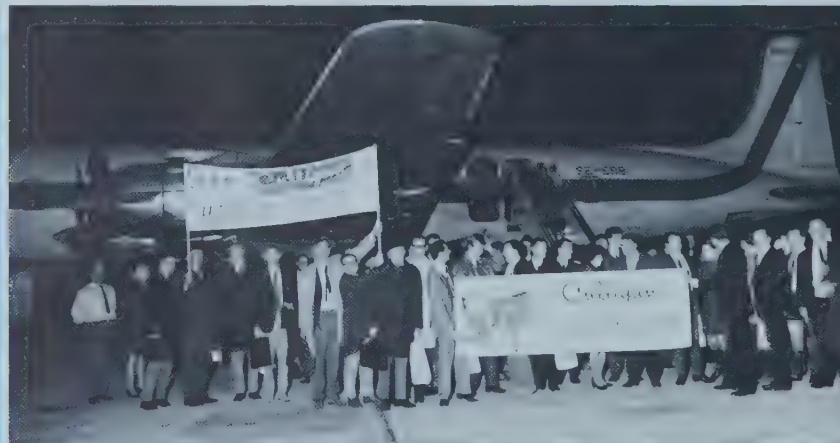
Culligan S.A. manufactures for distribution through licensees in Europe, Africa, and the Middle East.



Hydro-Clear Swimming Pool Filters.
Full line of equipment, products, and
accessories for private and public pools.



Mark 6 Automatic Water Softener.
Compact design specifically for
smaller homes and apartments
in overseas markets.



This charter flight originated in Stockholm, with stop in Brussels,
taking licensees and their sales personnel to our International
Convention at Torremolinos, Spain, last November.

CULLIGAN FRANCE

Located in Les Clayes-sous-Bois, near Paris, Culligan France serves as the marketing and distribution nucleus for 41 Culligan dealers throughout the country. More than 350 dealership people attended the recent annual two-day conference conducted in Royan.



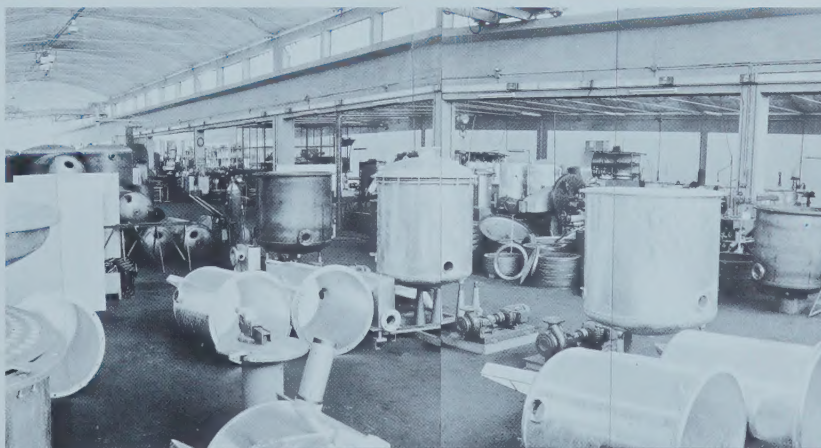
New office has adjoining sales and technical training, laboratory, and warehouse facilities.



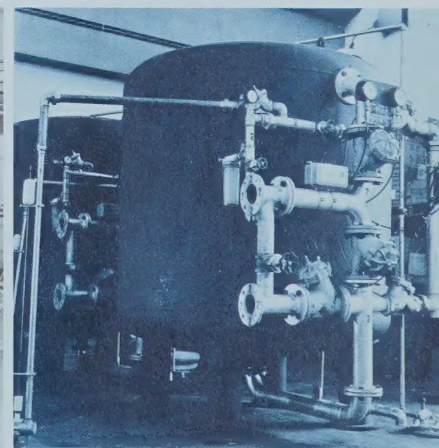
Typical dealership located in Berry, France.

CULLIGAN ITALIANA

Merged with us in May, 1969, Culligan Italiana is headquartered in Granarola Emilia, a suburb of Bologna. This excellent new operation will provide much-needed production capacity for our licensees in the Mediterranean area, Africa, and Asia.



Oriented to industrial equipment capability, 151 employees produce the Culligan line in this 57,000 square foot plant.



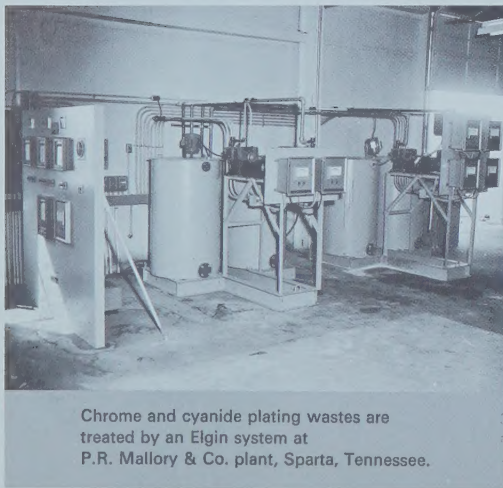
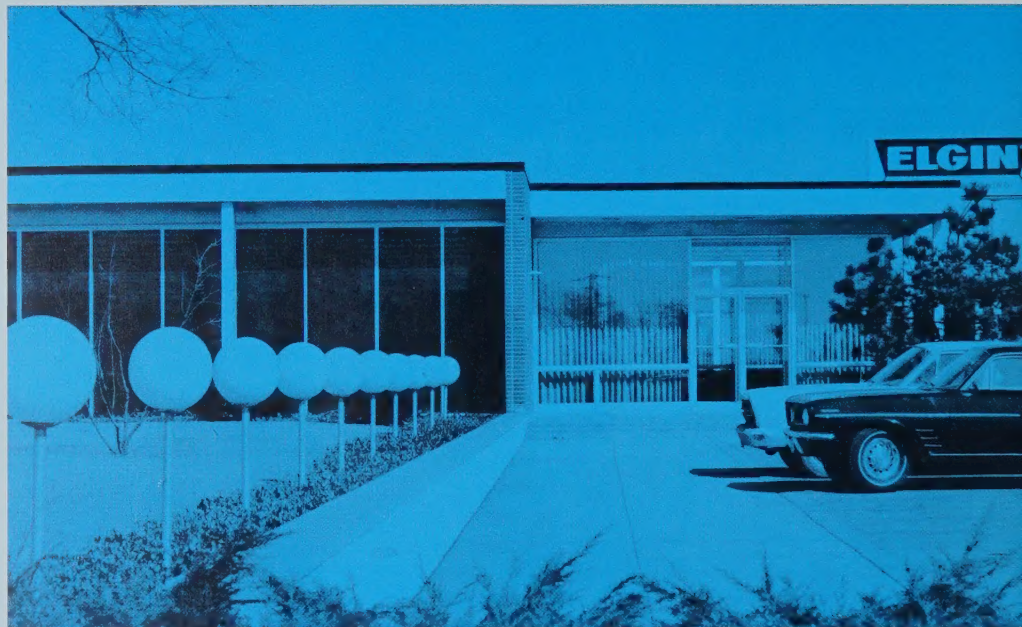
Water softening plant constructed for shipment to South Korea.

ELGIN

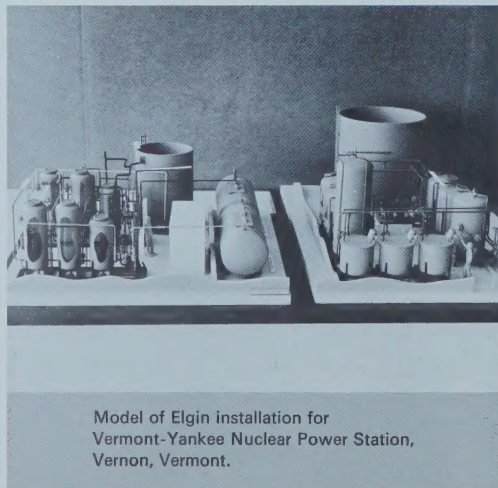
With design and production emphasis on custom engineered water and pollution control systems for industrial, small municipal, and power generation station applications, this division is based in modern facilities in Elgin, Illinois.

Elgin has recently completed a Federal Government contract for developmental research on desalinization of brackish waters.

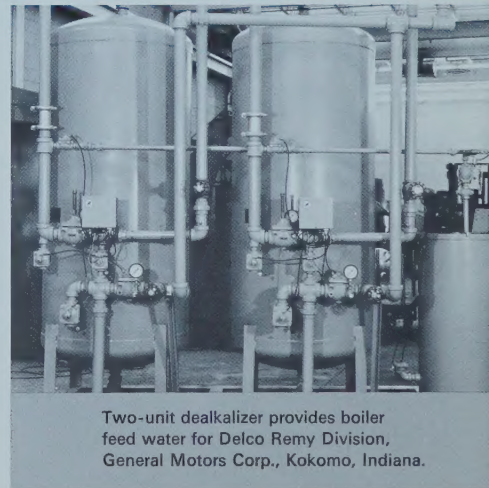
The Water Quality Act of 1965, plus legislation by individual states, are of particular significance to Elgin's position in the water and waste treatment fields.



Chrome and cyanide plating wastes are treated by an Elgin system at P.R. Mallory & Co. plant, Sparta, Tennessee.



Model of Elgin installation for Vermont-Yankee Nuclear Power Station, Vernon, Vermont.



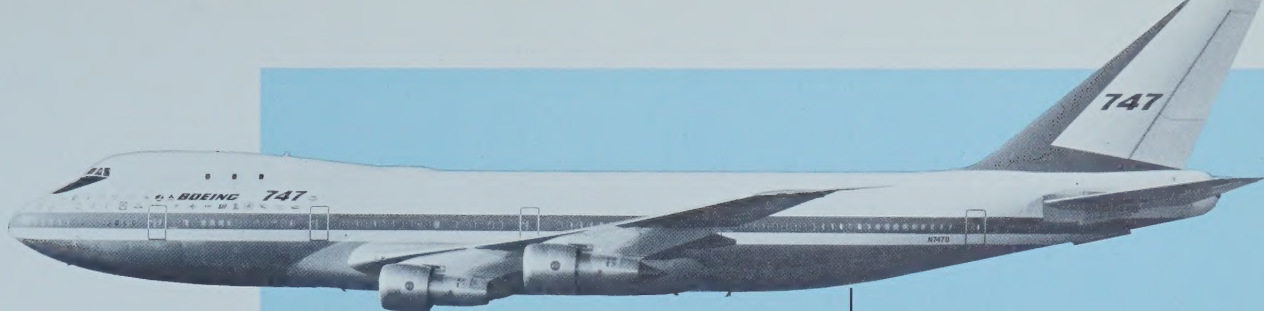
Two-unit dealkalizer provides boiler feed water for Delco Remy Division, General Motors Corp., Kokomo, Indiana.

EVERPURE

Proprietary technologies, unique products, and strong marketing are the cornerstones to the philosophy of growth for Everpure of Oak Brook, Illinois.

Specializing in small, point-of-use water conditioning equipment, this subsidiary has expanded its marketing staff 36% during the past year. And its Research and Development group has been increased 27%.

A program for overseas growth was initiated through the establishment of Everpure S.A., Belgium, and through sales coverage in Latin America and the Far East.



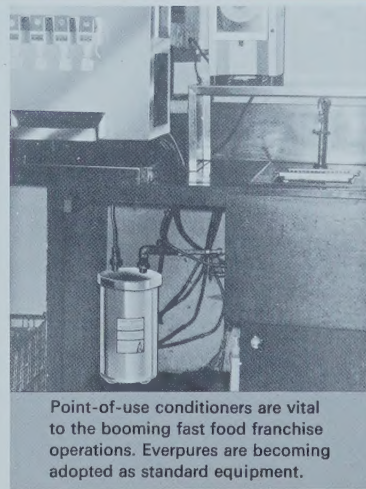
Everpure® units condition water for passenger use on commercial airliners. The advent of jumbo jets enhances this market potential.



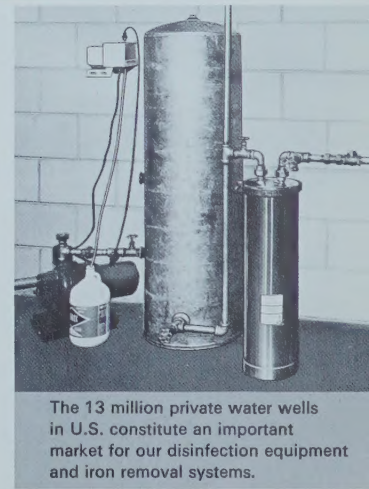
Frozen carbonated beverage dispenser is new development in soft drink business. Everpure purifiers are integral part of dispenser.



Our water quality control products have significant share of coin-operated beverage machine market. Here is installation in European espresso unit.



Point-of-use conditioners are vital to the booming fast food franchise operations. Everpures are becoming adopted as standard equipment.



The 13 million private water wells in U.S. constitute an important market for our disinfection equipment and iron removal systems.

Manufacturing Facilities

Northbrook, Illinois—International Headquarters
San Bernardino, California
Diegem, Belgium
Elgin, Illinois
Granarola Emilia, Italy
Mexico City, Mexico
Oak Brook, Illinois
Sheridan Park, Ontario, Canada

Principal Subsidiaries

Culligan S.A. Belgium
Culligan of Canada, Ltd.
Culligan France S.A.
Culligan International Company
Culligan Italiana S.p.A.
Culligan Mexicana, S.A. de C.V.
Culligan Retail Subsidiaries
CWC Finance Corp.
Everpure, Inc.



Culligan®
THE
WORLD-WIDE
WATER
CONDITIONING
PEOPLE